

## Message Text

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ACTION INT-05

INFO OCT-01 AF-08 EUR-12 NEA-10 ISO-00 AGR-05 AID-05

CIAE-00 COME-00 EB-07 FRB-03 INR-07 NSAE-00 USIA-06

TRSE-00 XMB-02 OPIC-03 SP-02 CIEP-01 LAB-04 SIL-01

OMB-01 L-03 PA-01 PRS-01 /088 W  
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R 181623Z AUG 76

FM AMEMBASSY RABAT

TO SECSTATE WASHDC 9524

INFO AMEMBASSY ALGIERS

AMEMBASSY MADRID

AMEMBASSY NOUAKCHOTT

C O N F I D E N T I A L RABAT 4482

E.O. 11652: GDS

TAGS: EMIN EFIN EGEN MO

SUBJECT: MOROCCAN PHOSPHATE ROCK PRICES

REF: (A) RABAT 3939; (B) RABAT 3947

1. BULLETIN MENSUEL DE STATISTIQUES NO. 79, PUBLISHED BY SECSTATE FOR PLAN, HAS JUST APPEARED GIVING ROCK EXPORT AND REVENUS FIGURES FOR FIRST FIVE MONTHS 1976. EXPORTS WERE 4.76 MILLION MT. ACCORDING TO OFFICE DES CHANGES VALUE FIGURES FOR FIRST FIVE MONTHS, REVENUES REPORTED AS DH674.2 MILLION (EQUIVALENT AT CURRENT EXCHANGE RATE TO \$153 MILLION). THIS IMPLIES AVERAGE SALES PRICE OF \$32 PER TON SO FAR THIS YEAR.

2. THESE FIGURES BRING IN QUESTION INFO REPORTED REFTELS WHICH WERE BASED ON DATA PROVIDED IN CONFIDENCE BY OCP FINANCE DIRECTOR. IT JUST POSSIBLE THAT HIS INSISTENCE THAT NO SALES HAD TAKEN PLACE BELOW \$38 REFERRED ONLY TO PRICE OF TOP QUALITY ROCK, BUT THIS IS NOT RPT NOT WHAT HE SAID NOR WHAT HE ALLOWED US TO BELIEVE (TWO CONFIDENTIAL

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EMBOFFS WERE PRESENT AT INTERVIEW). FINDIR ON LEAVE

AS IS OCP PRODUCTION DIRECTOR. WE CAN ONLY CONCLUDE THAT DELIBERATE EFFORT WAS MADE TO PUT BEST FACE ON RATHER CRITICAL SITUATION, THOUGH, SINCE FACTS CERTAIN EVENTUALLY TO COME OUT, IT DIFFICULT FOR US TO UNDERSTAND POINT OF GESTURE. MAY, AS SUGGESTED REFTELS, HAVE BEEN RELATIVE TO PENDING BNDE EURO-LOAN AND CONCERN OVER MARKET REACTION TO FURTHER DETERIORATION IN DEMAND FOR MAJOR FOREIGN EXCHANGE EARNER. IF SO, REACTION, THOUGH DELAYED, SHOULD HAVE SAME OR WORSE EFFECT ON STILL PENDING \$100 PLUS MILLION OCP BORROWING SCHEDULED FOR SECOND HALF 1976 WHICH NOW BEING STUDIED BY SEVERAL U.S. AND OTHER BANKS.

3. THERE HAS BEEN NO DOMESTIC COMMENT SO FAR IN EITHER SEMI-OFFICIAL OR OPPOSITION FRENCH-LANGUAGE PRESS, BUT ARABIC PRESS AL MOUHARRIR REPORTED ON AUGUST 17 THAT, QUOTE SOME TRUTHS HAVE BEEN UNVEILED LATELY IN WESTERN EUROPE. THE MOST IMPORTANT OF THESE FOR US IS THE DROP IN THE PRICE OF PHOSPHATES TO \$33, AS A RESULT OF ACTIONS TAKEN BY THE UNITED STATES AS THE COUNTRY WHICH CONTROLS THE MARKET OF THIS PRODUCT. BY MAKING A SIMPLE MATH OPERATION, YOU WOULD FIND THAT HALF (MOROCCO'S) HOPES HAVE EVAPORATED. UNQUOTE

4. THIRTY-TWO OR THIRTY-THREE DOLLAR PER TON AVERAGE SALES PRICE CLEARLY IMPLIES SOME SALES OF LOWER QUALITY ROCK AT THE \$28 PRICE RUMORED IN EUROPE. BASED ON PAST SPREAD, WOULD JUDGE AVERAGE PRICE FOR TOP QUALITY MATERIAL WOULD BE APPROXIMATELY \$35-36 -- THOUGH IT JUST POSSIBLE AS NOTED PARA TWO ABOVE THAT LINE HAS BEEN HELD AT \$38 LEVEL. IF SO, SHIPMENTS OF LOWER GRADE WOULD APPEAR TO HAVE PREDOMINATED SO FAR THIS YEAR.

5. UPSHOT OF EPISODE HAS BEEN TO GIVE US GREATER CONFIDENCE IN RAILROAD AUTHORITIES WHO HAVE SHARED PRELIMINARY FREIGHT LOADING FIGURES WITH US (SEE PARA THREE REFTEL B), AND MUCH DIMINISHED CONFIDENCE IN OCP SOURCES.

6. OUTLOOK FOR REST OF YEAR REMAINS PROBLEMATIC  
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BECAUSE OF UNCERTAIN FALL PLANTING OUTLOOK IN EUROPE. EVEN IF RAINS RETURN AND PLANTINGS TAKE PLACE, WE WOULD NOW JUDGE IT UNLIKELY THAT MOROCCO WILL ACHIEVE 16-17 MILLION MT ROCK EXPORTS PROJECTED BY OCP. FORCED TO GUESS, 14.5-15 MILLION MT NOW SEEMS TOP EXPORT FIGURE, WITH FOREIGN EXCHANGE EARNINGS OF APPROXIMATELY \$500 MILLION, \$300 MILLION DOWN FROM OCP PROJECTION. THESE CALCULATIONS LEND CREDENCE TO RECENT REPORTS THAT OCP

MAY GO TO MARKET FOR \$200 MILLION INSTEAD OF PLANNED  
\$100 MILLION AND THAT BNDE MAY RETURN FOR ANOTHER  
BORROWING BEFORE YEAR END.  
ANDERSON

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## Message Attributes

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